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ABSTRACT

This report highlights the most recent indicators of social and economic conditions in rural areas for use in developing rural policies and programs. The economic expansion of the 1990s greatly benefited rural economies. Rural areas attracted both urban residents and immigrants. Hispanics accounted for over 25 percent of nonmetropolitan population growth in the 1990s. The rural West grew by 20 percent, twice the national average, boosted by both high immigration and high birth rates. Nonmetro and metro unemployment rates moved together, declining during most of the 1990s and increasing as the recession began in 2001. The share of nonmetro workers whose income was below the poverty level fell from 32 percent in 1996 to 25 percent in 2001. Still, half of nonmetro workers without high school diplomas worked in low-wage jobs. Although nonmetro poverty rates were the lowest on record, child poverty remained high. Almost 19 percent of rural children lived in poverty, and a similar proportion resided in food-insecure households. Maps and figures illustrate nonmetro population change, 1990-2000; changes in unemployment and poverty rates; and the extent of poverty in nonmetro counties. A data table presents selected social and economic indicators. (SV)

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Rural America At A Glance

The economic expansion of the 1990s greatly benefited rural economies, raising earnings, increasing incomes, and reducing poverty. Rural areas attracted both urban residents and immigrants; almost 8 percent of nonmetro counties, many in the West, increased in population at more than twice the national average. Still, areas of the Great Plains and western Corn Belt lost population as they dealt with declining agricultural employment and the lack of replacement jobs in other industries. High poverty and unemployment persisted in rural pockets, particularly in Appalachia, the Mississippi Delta, and the Rio Grande Valley.

In late summer 2000, manufacturing went into a downturn. Afterward, in March 2001, the longest U.S. economic expansion on record ended as the economy slipped into recession. Although the National Bureau of Economic Research has not yet declared the recession over, the economy appears to be in recovery. The labor market continues to be soft, with elevated unemployment rates and slow employment growth. In general, however, the impacts of the recent recession have been mild relative to past recessions, although the manufacturing downturn disproportionately affected nonmetro counties.

USDA's Economic Research Service (ERS) analyzes the ongoing changes in rural areas and assesses federal, State, and local strategies to enhance economic opportunity and quality of life for rural Americans. Following are the most current indicators of social and economic conditions in rural areas, for use in developing policies and programs to assist rural people and their communities.

Rural America comprises 80 percent of the Nation's land and is home to one-fifth of its people.

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Economic Research Service

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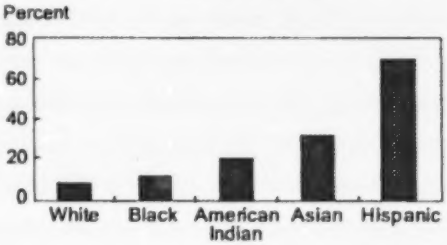
Rural Population Rebound Levels Off

For most of the past decade, rural America enjoyed population growth, rebounding from the wide population losses of the 1980s. Net migration from metro areas and an increasing flow of immigrants accounted for two-thirds of this nonmetro population increase. Since the mid-1990s, however, nonmetro population growth has slowed. The recent release of the 2000 census data has allowed additional insights into these trends.

- The nonmetro population grew by 10.3 percent during the 1990s, below the 13.9-percent growth rate of metro areas.
- The pace of this nonmetro growth slowed after mid-decade, falling steadily from 1.2 percent in 1994-95 to 0.6 percent in 1999-2000, while metro growth stayed steady at around 1.2 percent per year.
- Growing numbers of Hispanics are settling in rural America, and they accounted for over 25 percent of the nonmetro population growth during the 1990s. With higher fertility and younger age structure, natural increase alone now propels the growth of nonmetro Hispanics over that of other major race/ethnic groups.

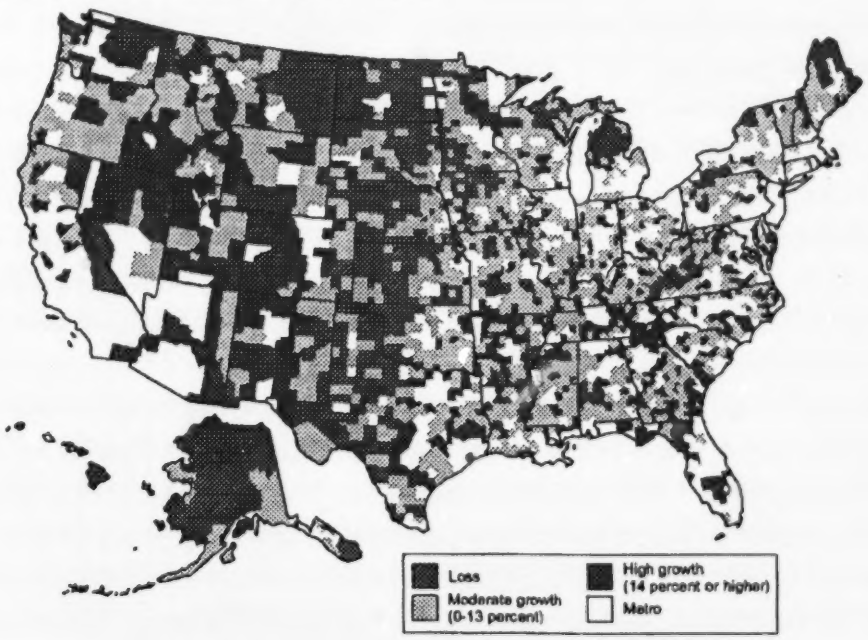
Nonmetro population growth rates by race and ethnicity, 1990-2000



The West and the South together accounted for over three-quarters of rural population growth during the 1990s. Although the population of some rural communities continued to fall, the number of nonmetro counties losing population declined by almost half from 1990 to 2000, compared with the 1980s. Still, over 600 counties (of 2,305 total) lost population.

- The rural West grew by 20 percent, twice the national average, boosted by both high inmigration and high birth rates.
- Moderate climates, scenic features, and other natural amenities stimulated rapid population growth, particularly retirement migration, in parts of the Rocky Mountain West, the southern Appalachians, and the upper Great Lakes.

Nonmetro population change, 1990-2000



- High population growth in the rural South resulted in part from urban sprawl, especially around Atlanta and other large metro areas of the South. As urban areas expanded, more rural residents fell within commuting zones.

- As a whole, the Great Plains rebounded from substantial losses in the 1980s, and has achieved some population growth. However, the majority of counties there continue to lose population.

Recession Effects on Rural Areas Were Mild

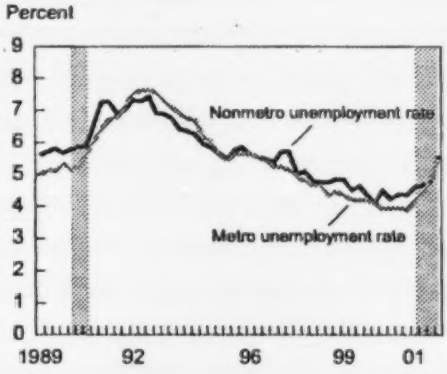
Rural areas as a whole shared in the Nation's prosperity in the late 1990s. The nonmetro unemployment rate fell to its lowest levels in 20 years. Employment continued to expand and real earnings increased, albeit more slowly than earlier in the decade. The manufacturing downturn, which began in late summer 2000, and the subsequent recession in March 2001 led to higher unemployment and dampened earnings growth, but overall rural impacts of the recent recession have been mild compared with earlier recessions.

- Nonmetro and metro unemployment rates moved together, declining during the economic expansion of the 1990s and increasing during the recession. Nonmetro unemployment rates have been higher than metro rates since 1996. The nonmetro unemployment rate was 4.9 percent in 2001, versus 4.7 percent for metro areas.

- Nonmetro employment declined by about 140,000 workers, or 0.6 percent, from 2000 to 2001; metro employment remained steady during the same period despite the recession.

- Some nonmetro counties, including parts of the Midwest, had large employment gains despite the recession. However, much of the nonmetro South faced large job losses in 2000-2001, fueled in part by the recent manufacturing downturn. Employment change in the nonmetro West was mixed, with some counties reporting losses and others gains.

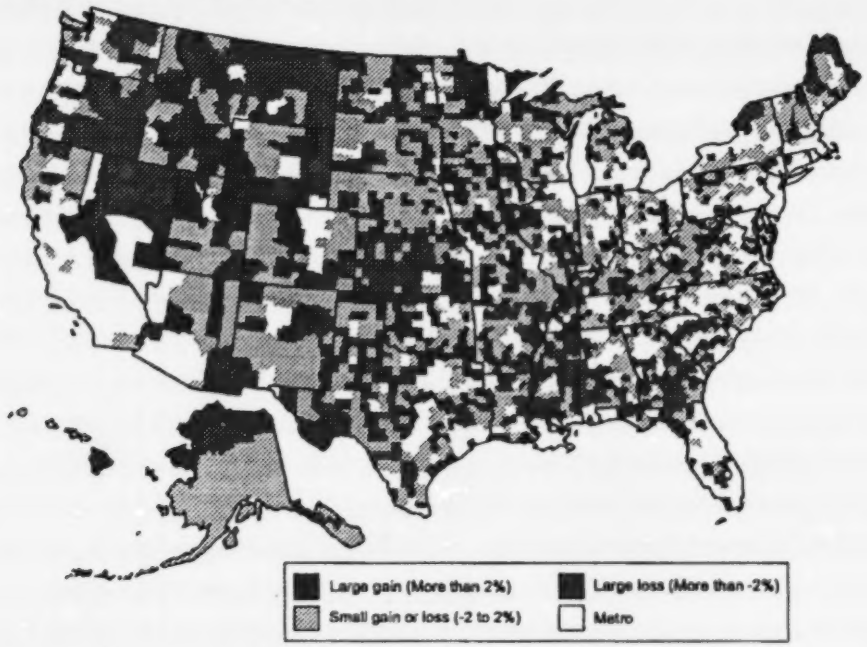
Unemployment rates rise during recession



- Average weekly earnings for nonmetro workers were $527 in 2001, about 80 percent of the $668 metro average. During 2000-2001, earnings growth slowed to 1.3 percent for both nonmetro and metro workers, versus the real annualized growth rate of 2.4 percent over the second half of the economic expansion in 1996-2000.

- The share of nonmetro workers age 25 and older earning low wages–wages that on a full-time, full-year basis are less than the poverty threshold for a family of four–fell from 32 percent in 1996 to 25 percent in 2001. Still, of the 1.9 million nonmetro workers without high school diplomas, half work in low-wage jobs.

Employment change, 2000-2001

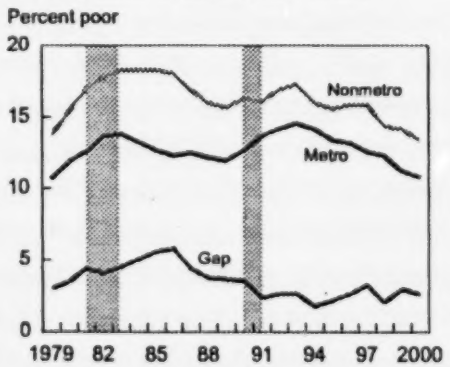


Rural Poverty Rates Fall, but Child Poverty Remains High

Despite strong economic growth during the 1990s, rural areas continued to lag behind urban areas on many indicators at the end of the decade. Nonmetro poverty rates were the lowest on record, but continued to be higher than urban rates. Almost one in five rural children lived in poverty and a similar proportion resided in food-insecure households. Rural areas lagged behind urban areas in median household income, real per capita income, and earnings per job.

- The nonmetro median household income of $32,837 in 2000, the most recent data available, continues to be well below the metro median of $44,984.
- About 6.9 million nonmetro residents (13.4 percent) were poor in 2000; the metro rate was 10.8 percent. Both rates were considerably improved from highs of 18.3 percent and 13.8 percent in 1983. In fact, the nonmetro rate was the lowest on record.

Poverty rates decline in the 1990s

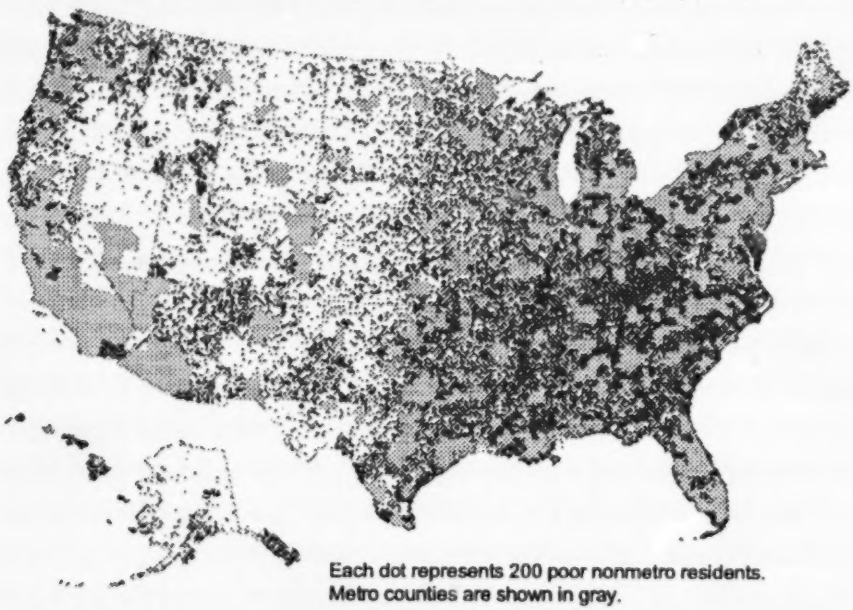


- Children in both metro and nonmetro areas had substantially higher rates of poverty than adults. Almost one in five nonmetro children age 17 or under was in poverty in 2000, a rate of 18.9 percent. The metro rate of child poverty was 15.4 percent. Although these rates are substantial, they show improvement from the highs of 24.1 percent in nonmetro areas and 22.3 percent in metro areas a decade ago.
- In 2000, the rate of food insecurity was higher in nonmetro than in metro areas—11.5 percent versus 10.2 percent. The nonmetro rate was unchanged from 1998, while the metro rate experienced a substantial drop from 11.8 percent. Food security implies access by all household members at all times to enough food for an active, healthy life.

Selected Economic and Social Indicators

Indicator	Nonmetro	Metro
Population (2001, millions)	56.4	228.4
Civilian unemployment rate (2001, percent)	4.9	4.7
Employment growth (2000 to 2001, percent)	-0.6	0
Average weekly earnings (2001, dollars)	527	668
Average annual earnings per nonfarm job (2000, dollars)	25,982	38,806
Median household income (2000, dollars)	32,837	44,984
Per capita income (2000, dollars)	17,510	23,470
Poverty rate (2000, percent)	13.4	10.8
Poverty rate by age group (2000, percent)		
0-17 years	18.9	15.4
18-64	11.1	9.1
65 and older	13.2	9.3
Food-insecure households (2000, percent households)	11.5	10.2
Children in food-insecure households (2000, percent persons)	20.6	17.4
Per capita transfer payments (2000, dollars)	3,943	3,506

Poor persons in nonmetro counties, 1999



Each dot represents 200 poor nonmetro residents.
Metro counties are shown in gray.

- One out of five nonmetro children (20.6 percent) lived in food-insecure households in 2000, unchanged from 1998; the corresponding rate for metro children was 17.4 percent, a considerable improvement from 19.5 percent in 1998.

- Of the $1.013 trillion in Federal, State, and local government transfers to individuals in 2000, $218 billion went to nonmetro residents and $795 billion to metro residents. However, nonmetro residents got slightly more per capita ($3,943) than metro residents ($3,506). The share of transfer payments from various programs was essentially the same in nonmetro and metro areas—40 percent from Social Security, other government retirement programs, and workers' compensation; 40 percent from Medicare and Medicaid; 10 percent from income maintenance programs such as food stamps and family assistance (TANF); and the remainder from unemployment insurance, veterans' benefits, and employment/training programs.

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ERS Research Update

ERS research on rural America is designed to meet the information needs of the Administration, Congress, policy officials, and others interested in rural issues. The following are priority research topics currently under study.

Rural Dimensions of Welfare Reform. The welfare reform legislation of 1996 dramatically altered the social safety net for poor Americans. Early results from myriad studies have been positive, yet many rural areas have not shared in the success of welfare reform. Employment in rural areas is often concentrated in low-wage industries; unemployment and underemployment are greater than in metro areas; residents have less formal education; distances to work sites are greater; and work support services such as formal child care and public transportation are less available. As a result, efforts to move low-income adults into the workforce, off welfare, and out of poverty have been less successful in many rural areas. A recent monograph, *Rural Dimensions of Welfare Reform* (W.E. Upjohn Institute for Employment Research, Kalamazoo, MI, 2002) provides a comprehensive look at the spatial dimensions of welfare reform, based on findings from a conference funded by ERS's Food Assistance and Nutrition Research Program.

Low-Wage, Low-Skill Workers in Rural America. The passage of welfare reform and new work requirements for welfare recipients rekindled public interest in the financial sustainability of low-wage employment. The number of low-wage workers declined during the last decade, but a quarter of rural workers earned low wages in 2001–annual earnings less than the full-time, full-year equivalent of the poverty threshold for a family of four. ERS is studying the changing patterns of low-wage employment and the policy implications of these changes for workers, their families, and their communities.

Understanding Rural Diversity in the 21st Century. The economies of individual rural areas differ, as do their resources and the opportunities and challenges they face. Since the early 1980s, ERS has developed and updated nonmetro county typologies to measure the broad patterns of economic and social diversity for developing public policies and programs. These typologies have been widely used to determine eligibility for and effectiveness of Federal programs to assist rural America. The updated typologies will enable better understanding of rural diversity.

Hispanic Growth and Dispersion in Rural America. Hispanics accounted for over 25 percent of the nonmetro population growth during the 1990s. Such rapid growth emphasizes the role of minorities and immigrants in the changing social and economic fabric of rural America. ERS is investigating whether new Hispanic settlement patterns are contributing to the revitalization of many small towns or are perilously straining local community resources. At the same time, ERS will assess how well Hispanics are being integrated into the mainstream of rural communities, to what extent essential services are being provided, and whether the growing concentration of minorities and immigrants is linked to increasing poverty and the greater need for Federal assistance.

ERS website and contact person

Information on rural America can be found at the ERS website at **www.ers.usda.gov/Emphases/Rural**. Additional indicators of rural conditions are at Rural America at a Glance, **www.ers.usda.gov/briefing/rural/gallery/**. For more information, contact **Karen Hamrick** at **khamrick@ers.usda.gov** or **202-694-5426.**

What is rural?

Metropolitan and nonmetropolitan areas are defined by the Office of Management and Budget. Metropolitan areas contain (1) core counties with one or more central cities of at least 50,000 residents or with a Census Bureau-defined urbanized area (and a total metro area population of 100,000 or more), and (2) fringe counties that are economically tied to the core counties. Nonmetropolitan counties are outside the boundaries of metro areas and have no cities with as many as 50,000 residents. The data reported are for nonmetro and metro areas, but here we use the terms "rural" and "urban" interchangeably with "nonmetro" and "metro."

Data Sources

This report draws upon the research of the Food and Rural Economics Division of ERS. Data used in this analysis come from a variety of Federal sources, including the Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis. The most recent data available are used. Different data series are released at various times, and dates of the most recent data range from 1999 to 2001.

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